

Message Text

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PAGE 01 BUENOS 00933 071347Z

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SUBJECT: LABOR FLEXES ITS MUSCLE

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SUMMARY. ORGANIZED LABOR HAS UNDERTAKEN A MAJOR EFFORT TO ESTABLISH ITS INFLUENCE IN THE NATIONAL POLITICAL ARENA. UNDER CASILDO HERRERAS' LEADERSHIP, THE CGT HAS DIRECTED ITS FIRST SALVOS AT THE ECONOMIC MINISTRY. ACTIVITIES THUS FAR INDICATE THAT LABOR BELIEVES THAT IT WILL BE ABLE TO ENFORCE ITS DEMANDS ACROSS THE ENTIRE POLITICAL/ECONOMIC SPECTRUM. DESPITE INITIAL SUCCESSES, THE EXTENT TO WHICH HERRERAS AND LABOR WILL BE ABLE TO MAINTAIN AND INSTITUTIONALIZE LABOR'S LATEST PRETENSIONS TO POWER IS STILL UNCLEAR. END SUMMARY

1. BEGINNING WITH JAN 24 SWEARING IN AS CGT ACTING SECGEN, CASILDO HERRERAS HAS ACTED WITH SURPRISING CELERITY IN PRESSING LABOR'S CAUSE ON ALL FRONTS. BECAUSE OF THE RAPIDITY AND FORCEFULNESS WITH WHICH HE HAS ACTED, LABOR IS NOW LOOKED ON WITH GREATLY INCREASED RESPECT, AND/OR FEAR, BY ALL SECTORS. ALTHOUGH THERE REMAIN SEVERAL QUESTIONS CONCERNING HERRERAS' CAPABILITY TO EFFECTIVELY FOLLOW THROUGH ON LABOR'S NEW PUSH, THE GOA'S AND CGE'S PREVIOUS PERFUNCTORY TOLERANCE OF LABOR'S PRETENSIONS IN NON-TRADE UNION MATTERS HAS BEEN RUDELY SHATTERED.

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PAGE 02 BUENOS 00933 071347Z

2. HERRERAS AND LORENZO MIGUEL VISITED PRESIDENT PERON ON JAN 29 AND ADVISED HER OF LABOR'S INTENTION TO INTERVENE MORE ACTIVELY IN POLITICAL MATTERS. ALTHOUGH DETAILS OF MEETING ARE NOT PUBLIC KNOWLEDGE, NEITHER SHE NOR GOVERNMENTAL STRONGMAN LOPEZ REGA HAS OPENLY ATTEMPTED TO REIN IN LABOR. IN FACT, LABOR'S MOVE MAY TEMPORARILY PLEASE LOPEZ REGA, WHO HAS FOUND SOME COMMON GROUND IN MOVE TO CLIP WINGS OF MINECONOMY GOMEZ MORALES. LOPEZ REGA HAS BEEN CULTIVATING HERRERAS FOR PAST FEW MONTHS AND THOSE EFFORTS MAY PROVIDE HIM FRAGILE, SHORT TERM DETENTE WITH LABOR. HOWEVER, DIFFERENCES BETWEEN LABOR AND LOPEZ REGA ARE TOO DEEPSEATED TO PERMIT ANY REAL APPROACHMENT, THOUGH FOR TIME BEING BOTH MAY DECIDE TO ADOP LIVE-AND-LET-LIVE TACTICS.

3. THE REVITALIZED CGT FIRED ITS FIRST SALVO ON JAN 24, STRONGLY ATTACKING COMMERCE SECRETARY ALLOATTI FOR HIS PRICES POLICY, THEN FOLLOWED THAT BY BOYCOTTING A JAN 29 PRICES AND WAGES COMMISSION MEETING WHICH WOULD HAVE DISCUSSED LABOR'S COMPLAINTS. HERRERAS STATED CLEARLY THAT LABOR WAS UNHAPPY WITH THE MANAGEMENT OF THE NATION'S ECONOMY AND THAT IT WOULD HENCEFORTH FORCEFULLY MAKE ITS POSITIONS KNOWN AND ACTIVELY PARTICIPATE IN ALL MATTERS AFFECTING THE WELL BEING OF THE WORKERS. IT HAS, IN THE PAST TWO WEEKS, BEEN DOING JUST THAT, SHAKING UP HERETOFORE COMPLACENT BUSINESS, POLITICAL AND GOVERNMENT SECTORS.

4. FLOUTING ITS NEW EXERCISE OF POWER, THE CGT INSISTED ON A MEETING WITH ECONMIN GOMEZ MORALES TO PRESENT "CONSTRUCTIVE CRITICISM" OF ECONOMIC POLICIES. MEETING WAS HELD FEB 5, FOLLOWING WHICH HERRERAS STATED CGT HAD PROPOSED THAT GOMEZ MORALES GRANT NEW WAGE INCREASE TO TAKE EFFECT PRIOR TO AND APART FROM FORTHCOMING COLLECTIVE BARGAINING INCREASES, WHICH WILL BE NEGOTIATED DURING NEXT THREE MONTHS AND BECOME EFFECTIVE JUNE 1. HERRERAS SAID THAT INCREASE WOULD NOT HAVE TO BE IMPLEMENTED VIA SOCIAL PACT ARRANGEMENTS, BUT THAT IT WOULD BE LEFT TO GOMEZ MORALES TO "FIND APPROPRIATE MEANS" TO CARRY OUT PROPOSAL. THE CGE, EHICH HAD REQUESTED A MEETING WITH THE CGT FOR FEB 5, POSTPONED MEETING AS IT APPARENTLY WAS NOT CERTAIN HOW TO HANDLE NEW SITUATION. IT IS ALSO VERY CONCERNED THAT WITH THE NEW CGT LEADERSHIP, LABOR WILL BE BARGAINING FROM A POSITION OF CONSIDERABLE STRENGTH IN FORTHCOMING COLLECTIVE BARGAINING NEGOTIATIONS.

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PAGE 03 BUENOS 00933 071347Z

5. THUS FAR THERE HAVE BEEN NO ULTIMATUMS EMANATING FROM LABOR, BUT GOMEZ MORALES IS UNDER STRONG ATTACK. WHETHER HE SURVIVES MAY DEPEND MORE ON HIS OWN WILLINGNESS TO BEND IN THE POLITICAL WINDS THAN ON ANY IMPLACABLE DIFFERENCES WITH LABOR, WHICH BELIEVES HE IS A FINE ECONOMIST BUT A NAIVE POLITICIAN. ONE LABOR CONTACT EXPRESSED LABOR'S FEELING WITH THE COMMENT THAT "POLITICS IS THE NAME OF THE GAME NOW, AND GOMEZ MORALES IS OUT OF HIS DEPTH IN THE NEW ATMOSPHERE".

6. HERRERAS' FIRST SUCCESSES IN REVITALIZING CGT AND ESTABLISHING LABOR AS POLITICAL POWER MAY OR MAY NOT CONTINUE. HE IS STILL UNDER CLOUD OF A POSSIBLE RETURN BY SECGEN PALMA, WHO INSISTS HE WILL BE READY TO REASSUME POSITION WITHIN MATTER OF FEW WEEKS. HE IS MISTRUSTED BY SOME WITHIN THE CGT WHO VIEW - OR VIEWED - HIM AS A PLAYBOY BUSINESSMAN RATHER THAN AS DEDICATED LABOR LEADER. AS HE HAS JUST RECENTLY ASSUMED LEADERSHIP OF HIS UNION, HE IS LOOKED ON BY SOME AS BEING INEXPERIENCED IN LEADERSHIP AND OF QUESTIONABLE COMPETENCE. ALTHOUGH AN IMPRESSIVE LOOKING INDIVIDUAL, HE HAS NOT YET CAPTURED THE IMAGINATION OF THE LOWER LEVEL UNION LEADERS, NOR IS HIS QUIET, MONOTONE MANNER OF SPEAKING CONDUCIVE TO AROUSING THE PASSIONS OF ARDENT PERONIST WORKERS.

7. A CRITICAL FACTOR ON WHICH HERRERAS' CONTINUED SUCCESS DEPENDS IS HIS RELATIONSHIP WITH LORENZO MIGUEL. ALTHOUGH AN APPARENT INTIMATE OF MIGUEL, THE VERY NATURE OF HIS POSITION WILL REQUIRE THAT MIGUEL PUBLICLY RECEDE INTO THE BACKGROUND AS HERRERAS BECOMES MORE VISIBLE. ARGENTINA CAN SUPPORT ONLY ONE LABOR STRONGMAN AT ANY ONE TIME, AND MIGUEL IS UNLIKELY TO ACCEPT BEING PUBLICLY REPLACED IN THAT POSITION. HERRERAS' ADVISORS ARE WELL AWARE OF THAT PROBLEM; HOWEVER, A MEMBER OF HIS CGT GENERAL SECRETARIAT STAFF CONFIDED TO LABATT THAT PLANS WERE BEING FORMULATED TO ASSURE "THAT HERRERAS COMES OUT ON TOP" IN ANY FUTURE CONFRONTATION.

8. REGARDLESS OF THE PERSONAL SUCCESS OR LACK THEREOF OF HERRERAS, LABOR'S CURRENT OFFENSIVE IS CREATING POTENTIALLY FAR REACHING CHANGES WITHIN THE ARGENTINE BODY POLITIC. ONLY TIME WILL TELL JUST HOW FAR REACHING THEY ARE.
HILL

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